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Group changes stance on Net bets

Howard Stutz GAMING WIRE

By HOWARD STUTZ

LAS VEGAS REVIEW-JOURNAL

The gaming industry's Washington, D.C.-based lobbying **group** has shifted course **on** its view of legalized Internet gambling and now believes the technology exists to allow the activity to be regulated at the state or federal level.

In a new policy statement, the American Gaming Association said it was open to the concept of legalized Internet gaming, as long as a regulatory structure was in place to protect consumers and the game's integrity.

But the organization, which represents the bulk of the nation's casino operators and slot machine manufacturers, has not taken a **stance on** any of the bills now floating through Congress that could legalize all or some forms of Internet gaming, estimated to be a \$26 billion a year industry.

"If something were to start, then fundamentally this give us a seat at the table," American Gaming Association Chief Executive Officer Frank Fahrenkopf Jr. said Wednesday. "The majority of our board now has a favorable **stance on** Internet gaming, as long as there is strong regulatory control. But also, we're not endorsing any of the bills now in the loop."

The policy is a **change** from the neutral **stance** toward Internet gaming the organization has taken since 2008. Before taking that view, the American Gaming Association supported a congressionally backed independent study of Internet gaming by the National Research Council at the National Academy of Sciences.

Internet gaming has been hotly debated in Washington, D.C., for much of the past decade. In 2006, the Unlawful Internet Gambling Enforcement Act made it a crime for banks and other financial institutions to process transactions used in online gaming.

Still, the American Gaming Association estimated \$5.9 billion was wagered by U.S. residents with offshore online gambling companies in 2008 while \$21 billion was **bet** by players worldwide.

"This is a topic our board has discussed many times," Fahrenkopf said. "The board has been split three ways: those who were opposed, those who were in favor and those who were unsure. That left us pretty neutered, but this **stance** allows the organization to be a player in what is ultimately decided."

Harrah's Entertainment, which owns the World Series of Poker, supports legalizing Internet gaming and has backed a bill by Rep. Barney Frank, D-Mass., that would establish a framework to permit online gambling operators to accept wagers from U.S. residents.

MGM Mirage took a short-lived stab at running an Internet gambling site in 2001, but abandoned the idea after 21 months. The casino was licensed **on** the Isle of Man and did not accept wagers from Americans.

Fahrenkopf said the American Gaming Association studied the issue over the past few years. The member committees explored three issues: whether the technology was available to regulate the activity and safeguard against money laundering and underage gambling; whether Internet gaming would cannibalize the commercial casino industry; and whether federal or state regulation was a better process.

Fahrenkopf said the committee that reported to the association's board **on** technology decided systems now available would properly regulate Internet gambling with appropriate law-enforcement oversight and would provide appropriate consumer protections for individuals gambling online.

With almost \$6 billion gambled online by Americans despite the 2006 act, the association believes any cannibalization has already been realized.

"It might even become a new profit center for some of our members," Fahrenkopf said. "The dynamic for the large companies is certainly changing."

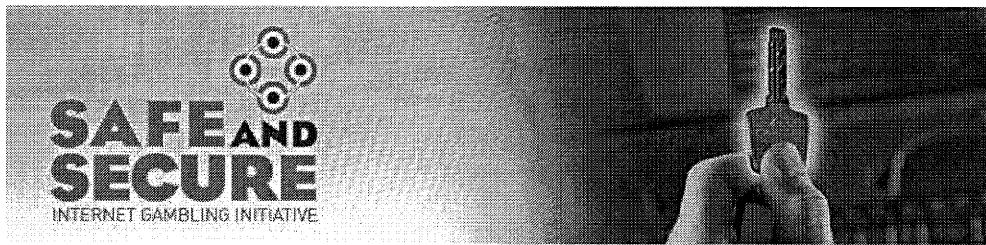
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Fahrenkopf said a hearing **on** Frank's bill could take place in the spring. A bill introduced in 2009 by Sen. Robert Menendez, D-N.J., would allow for federal regulation of online poker.

Contact reporter Howard Stutz at hstutz@reviewjournal.com or 702-477-3871.

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Gaming Lobby Says Internet Gambling Can Be Regulated

3/24/10 - Las Vegas Review-Journal - [View Source](#)

By Howard Stutz

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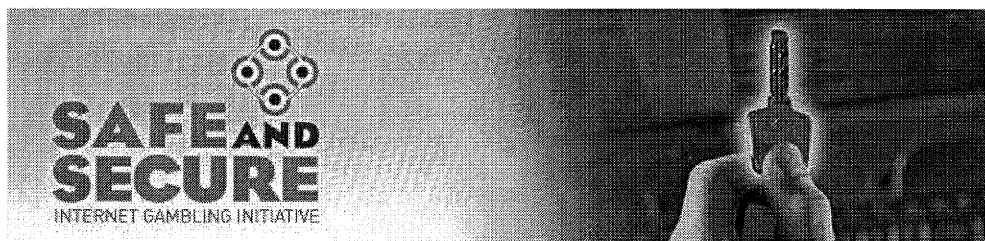
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Ban Targeted: House OKs Internet Betting Bill

9/17/08 - *Las Vegas Review-Journal* - [View Source](#)

By Tony Batt

WASHINGTON -- A House panel is scheduled to vote Tuesday on a new bill that would require federal agencies to define unlawful Internet gambling so banks and other financial institutions can comply with the ban against online wagers.

Just introduced late Thursday, the bill calls for the Department of Treasury and the Federal Reserve to consult the U.S. attorney general's office in creating a formal process to make the definition.

The bill is the latest move by Rep. Barney Frank, D-Mass., the chairman of the House Financial Services Committee, to clear up confusion about how to enforce the ban since President Bush signed it into law in October 2006.

Frank strongly opposes the ban.

Federal officials have told lawmakers they are having trouble enforcing the ban because the law does not clearly define what constitutes illegal gambling over the Internet.

"Chairman Frank is doing the right thing by saying it is unfair to burden U.S. financial service companies with the job of Internet gambling police at a time when their undivided attention ought to be on the economy," said Jeffrey Sandman, a spokesman for the Safe and Secure Internet Gambling Initiative, a coalition of online companies that opposes the ban.

In April, Frank introduced legislation to prevent the Treasury and Federal Reserve from crafting the gaming regulations entirely.

That bill stalled on June 25 after the committee deadlocked on a 32-32 vote.

Frank spokeswoman Heather Wong said the new legislation differs from the previous bill by:

- Permitting a ban on sports betting without a formal rule-making process.
- Condensing the process of defining the ban into a single stage.
- No longer requiring the Treasury Department to compile a list of unlawful Internet gambling businesses.

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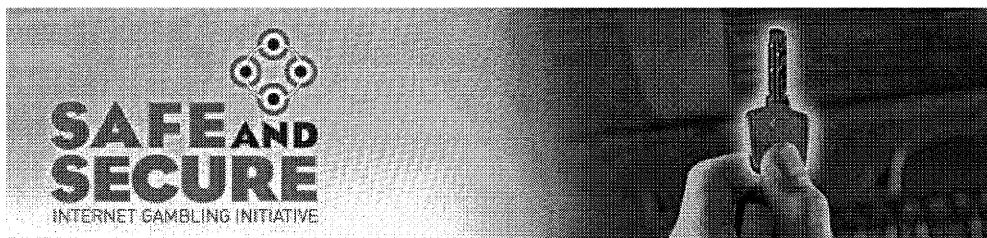
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EDITORIAL: Overturning the Web Gambling Ban

4/25/08 - *Las Vegas Review-Journal* - [View Source](#)

If repeal of legislation won't fly, neutering it just might

Rep. Barney Frank, chairman of the House Committee on Financial Services, has long been a foe of the federal ban on Internet gambling. He's failed so far, however, to muster enough support to repeal the 2006 Unlawful Internet Gambling Enforcement Act.

So he and others are now trying another approach: telling federal bureaucrats to pretend the law doesn't exist.

On April 10, Rep. Frank and Rep. Ron Paul, R-Texas, introduced a measure that would prohibit the Department of the Treasury and Federal Reserve System from proposing, prescribing or implementing any regulations required by the ban.

Given that the ban burdens banks and other institutions with monitoring online financial transactions in an effort to discourage adults from gambling at their computers, a moratorium on implementing or crafting regulations necessary to enforce prohibition would effectively overturn the measure.

Rep. Frank argues that banks have more important things to do than waste time investigating whether an individual paid off his online bookie in Belize.

Besides, "Representatives from the regulatory agencies themselves admitted that there are substantial problems in crafting regulations to implement the (ban) in a manner that does not have a substantial adverse effect on the efficiency of the nation's payment system," wrote Rep. Frank. Rep. Paul and three other members of the committee in a letter sent to all members of Congress.

Whether Rep. Frank's bill stands a better chance of surviving than his previous attempts at an outright repeal of the prohibition on online wagering remains to be seen. Why, after all, would somebody support one, but not the other?

Regardless, Reps. Frank and Paul are doing the right thing. One way or another, lawmakers should pull the plug on the ridiculous Unlawful Internet Gambling Enforcement Act.

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- ☒ [Protecting Children](#)
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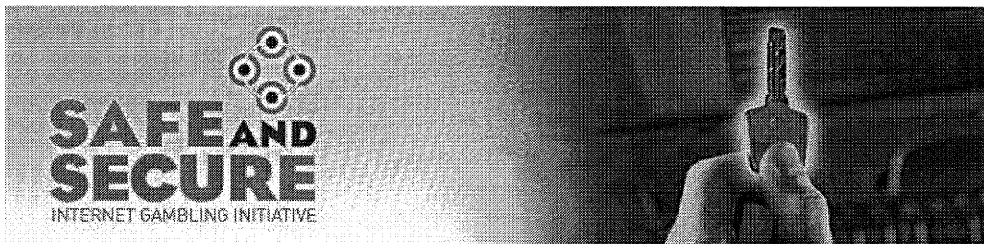
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EDITORIAL: Wanna Bet?

3/9/08 - *Las Vegas Review-Journal* - [View Source](#)

When it comes to Internet gambling and Congress, common sense takes a holiday. Perhaps a bill introduced last week will help change that.

In the waning days of the 2006 session, Congress outlawed online wagering, making criminals out of millions of Americans who enjoy playing poker or placing a casual sports bet via computer.

Of course, the notion that online gambling, a completely harmless activity for the great majority of those involved, will ever go away is delusional -- which says a lot about those in Congress who support the ban.

Since then, various efforts to repeal the prohibition have languished in committee. But on Wednesday, Rep. Jim McDermott, a Washington Democrat, announced he'll try again, this time appealing to his colleagues in a language they understand: money.

Legalizing Internet gambling could raise up to \$43 billion for the federal government over the next 10 years, Rep. McDermott noted as he introduced the Internet Gambling Regulation and Tax Enforcement Act of 2008.

"Before us is a tremendous opportunity to protect consumers and recoup billions of dollars that should be collected by the Internal Revenue Service," said Rep. McDermott. "These are revenues that are desperately needed, given that we are at war and face difficulty financing the nation's priorities."

Frank Fahrenkopf, president of the American Gaming Association -- the industry's federal lobbying arm -- questioned the McDermott bill, saying he was troubled by federal regulation of the industry and a potential federal tax on gaming.

In fact, Mr. Fahrenkopf and the AGA are lukewarm on Internet gambling because it poses a competitive threat to brick-and-mortar casinos. Meanwhile, the federal regulatory structure now in place to enforce the ban -- which, among other things, requires banks and other financial institutions to police financial transactions used to place bets online -- is far more pernicious than any rules that would be needed in a legal environment to ensure tax compliance or protect consumers against fraud.

Rep. McDermott's bill would impose no new taxes, with the exception of a 2 percent licensing fee for operators, who would also be required to provide annual statements to customers documenting winnings and losses. Money generated by legalizing this consensual activity would come from our existing federal tax structure.

Rep. McDermott's legislation supplements a proposal by Rep. Barney Frank, who chairs the House Financial Services Committee, that would repeal the online wagering ban. Let's hope Rep. Frank can muster the votes to get both measures out his committee and onto the floor. That, indeed, would represent a rare victory for common sense inside the beltway.

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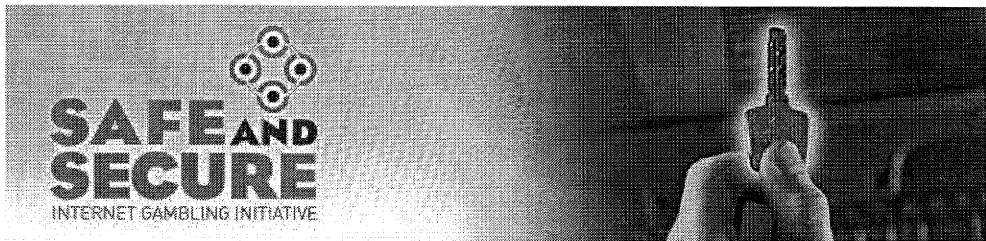
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EDITORIAL: 'Bizarre' Legislation

4/3/08 - *Las Vegas Review-Journal* - [View Source](#)

It would be a stiff competition indeed to determine the worst piece of legislation to emerge from Congress over the past decade, but the Internet gambling ban would likely make the short list of finalists.

Passed in 2006 as a rider to an unrelated port security bill, the ban was designed to help congressional moralists win votes back home. In fact, though, it's a feel-good mish-mash of special interest legislation -- and a perfect example of the damage Congress can do when members have no real-world clue about the ramifications of their actions.

While purporting to be an anti-gambling bill, the legislation exempted lotteries and horse racing as a sop to those interests. And instead of actually banning Internet gambling, it put the burden on banks and other financial institutions to enforce the measure by policing credit card and other transactions.

It "makes financial institutions the police, prosecutors, and judges in place of real law enforcement officers," Wayne Abernathy of the American Bankers Association told a House Financial Services subcommittee on Wednesday.

To this day, nobody knows what specific online activities are prohibited because it isn't spelled out in the law.

Instead, the ban has led to a more complicated regulatory structure involving banks and their customers at a cost of millions; triggered international trade disputes; made criminals out of otherwise law-abiding adults; and led to the idiotic spectacle of the feds arresting the foreign owner of a legal online betting service when he landed at a U.S. airport.

To top it off, even some regulators now criticize the legislation as too complicated and virtually unenforceable.

"I think it is very difficult without having more of a bright line about what is intended to be unlawful Internet gambling," Louise Roseman, head of the Federal Reserve's bank operations division, told the House hearing. "The challenge we have is interpreting something, particularly federal laws, that Congress themselves isn't sure what they mean."

That prompted Rep. Barney Frank, who chairs the House Financial Services Committee, to state the obvious. "A rather bizarre piece of legislation," he said.

In the movie "Office Space," frustrated corporate drones fantasize about taking a baseball bat to the office computer equipment that never seems to operate properly. That's precisely what Congress should do to the Internet gambling ban.

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- ☐ [New Government Revenues](#)
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